

DEPARTMENT OF DEVELOPMENTAL SERVICES 2006-07 GOVERNOR'S BUDGET HIGHLIGHTS

Message from the Director

The 2006-07 Governor's Budget includes \$3.8 billion (\$2.4 billion General Fund) for the Department of Developmental Services (Department). This reflects a net increase of \$208.7 million (\$155.6 million General Fund) over the revised 2005-06 budget. (This funding does not include the Capital Outlay request in the budget of \$2.3 million in 2005-06 and \$80.3 million in 2006-07.) In this proposed budget, the Department maintains its commitment to containing program and administrative costs while continuing to provide an expansive array of services and supports to developmentally disabled individuals and their families.

The Department continues its efforts to develop comprehensive services and supports for residents from Agnews Developmental Center who transition into community settings. Included with the November Estimates package accompanying this budget is a progress report on the "Plan for the Closure of Agnews Developmental Center" initially released in January 2005.

The Community Services budget includes an increase of \$215.7 million (\$159.8 million General Fund) over the revised 2005-06 budget. Of particular significance, this increase includes a proposed 3 percent provider cost-of-living adjustment and funds to expand the Autistic Spectrum Disorder Initiative. The proposed budget continues temporary cost-containment measures and seeks long-term measures that will obviate the need for continuing the temporary measures.

The proposed budget includes a net decrease of \$6.7 million (\$3.6 million General Fund) for the Developmental Center budget primarily due to the projected reduction in consumers in the developmental centers. The Developmental Center budget also includes an augmentation to properly structure the statewide Office of Protective Services and to establish an intensive behavioral treatment residence pilot project at Porterville Developmental Center.

The Department's Headquarters budget is proposed to decrease by \$335,000, from \$37.6 million to \$37.3 million. However, an augmentation is included for increased personnel needed for implementing the Office of Protective Services proposal and the Autistic Spectrum Disorder Initiative expansion.

The Administration is pleased to present a budget that not only fully funds the service and support needs of California's developmentally disabled citizens, but a budget that provides a provider cost-of-living adjustment and supports key initiatives.

CLIFF ALLENBY
Director

**DEPARTMENT OF DEVELOPMENTAL SERVICES
2006-07 GOVERNOR'S BUDGET**

FUNDING SUMMARY

(Dollars in Thousands)

	2005-06 Estimated	2006-07 Proposed	Difference	Percent Change
BUDGET SUMMARY				
COMMUNITY SERVICES	\$2,882,730	\$3,098,476	\$215,746	7.5%
DEVELOPMENTAL CENTERS	713,295	706,611	-6,684	-0.9%
HEADQUARTERS SUPPORT	37,659	37,324	-335	-0.9%
TOTALS, ALL PROGRAMS	\$3,633,684	\$3,842,411	\$208,727	5.7%
FUND SOURCES				
General Fund	\$2,250,684	\$2,406,249	\$155,565	6.9%
Reimbursements: Totals All	1,323,902	1,378,687	54,785	4.1%
<i>Home & Community Based Serv. (HCBS) Waiver</i>	639,825	694,424	54,599	8.5%
<i>HCBS Waiver Administration</i>	5,191	5,305	114	2.2%
<i>Medicaid Administration</i>	12,323	12,323	0	0.0%
<i>Targeted Case Management</i>	125,294	125,486	192	0.2%
<i>Targeted Case Management Administration</i>	3,925	3,925	0	0.0%
<i>Medi-Cal</i>	324,395	315,792	-8,603	-2.7%
<i>Title XX Social Services Block Grant</i>	203,903	203,903	0	0.0%
<i>Self-Directed HCBS Waiver</i>	0	1,254	1,254	-
<i>Self-Directed HCBS Waiver Administration</i>	0	1,541	1,541	-
<i>Vocational Rehabilitation</i>	2,510	2,510	0	0.0%
<i>All Other</i>	6,536	12,224	5,688	87.0%
Federal Trust Fund	56,377	54,943	-1,434	-2.5%
Lottery Education Fund	489	489	0	0.0%
Program Development Fund (PDF)	2,000	2,003	3	0.2%
Developmental Disabilities Services Acct. (DDSA)	232	40	-192	-82.8%
AVERAGE CASELOAD				
Developmental Centers	3,026	2,797	-229	-7.6%
Regional Centers	208,220	216,565	8,345	4.0%
AUTHORIZED POSITIONS				
Developmental Centers	7,894.1	7,738.1	-156.0	-2.0%
Headquarters	389.9	395.5	5.6	1.4%

DEPARTMENT OF DEVELOPMENTAL SERVICES 2006-07 GOVERNOR'S BUDGET

PROGRAM HIGHLIGHTS

Cross-Program Highlights

Agnews Developmental Center Closure Plan Update

In 2005-06, there is a net decrease of \$3.9 million (\$1 million General Fund) in the budgets for the regional centers (RC) and developmental centers (DC) from the 2005 Budget Act for the planned closure of Agnews Developmental Center (Agnews). This change reflects updated community placement costs, a revised implementation date from October 1, 2005 to January 1, 2006 for Agnews state employees to provide services in the community consistent with current law, and the transition of 10 fewer consumers into the community from Agnews.

The 2006-07 Governor's budget includes a net increase of \$19.6 million (\$14.9 million General Fund) compared to the 2005 Budget Act for the RC and DC systems to effect the planned closure of Agnews by June 2007. This increase funds community placement costs for the transition of the remaining estimated 177 Agnews consumers into the community, additional Agnews state employees to provide services in the community, and the costs to relocate Agnews residents, and transition and train staff.

The Governor's budget includes a progress report on the Plan for the Closure of Agnews Developmental Center initially released in January 2005.

Expansion of the Autistic Spectrum Disorder Initiative

The Governor's budget proposes to expand the Autistic Spectrum Disorder (ASD) Initiative in 2006-07 to meet the immediate and future programmatic and fiscal challenges in serving consumers with ASD by: 1) providing training to clinicians and other professionals to implement ASD Best Practice Guidelines for Screening, Diagnosis, and Assessment developed by the Department in conjunction with national experts in 2002; 2) developing and disseminating best practice guidelines that will make available state-of-the-art information on evidence-based treatments and interventions for persons with ASD; (3) establishing state and regional ASD resource centers; and (4) establishing positions at the regional centers to coordinate with families and professionals seeking information, guidance, and resources for ASD. An increase of \$2.5 million is proposed to fund resources in the regional center system to perform the new activities. An increase of \$87,000 will fund one position in the Department's Headquarters to provide systemwide coordination.

Office of Protective Services

The Governor's budget proposes to properly structure the statewide Office of Protective Services which provides all law enforcement services in the DCs and community facilities (CF), including police, security, fire protection and investigations that protect consumers, employees and the public from harm. The primary objectives are to: 1) officially reflect the organization that occurred based on a review conducted by the Department of Justice and recommendations for an improved management structure; 2) address a backlog of investigations and an overall increase in investigations workload; and 3) provide funding to cover the increase in officers' uniform allowance. An increase of \$660,000 (\$380,000 General Fund) and 81 positions (65.0 of which are for existing functions that have been funded through redirections) is needed in the DC system and \$752,000 (\$452,000 General Fund) and six positions at Headquarters to implement this proposal. Trailer Bill language also is proposed to authorize two Headquarters positions as peace officers.

Other Program Highlights

Community Services Program

To provide services and supports to persons with developmental disabilities in the community, the 2006-07 Governor's budget updates 2005-06 funding to \$2.9 billion (\$1.8 billion General Fund), a reduction of \$49.6 million from the Budget Act of 2005. Proposed funding for 2006-07 is estimated at \$3.1 billion, an increase of \$215.7 million (\$159.8 million General Fund), or 7.5 percent, over the revised 2005-06 budget. Significant changes in 2005-06 and 2006-07, in addition to those included in "Cross-Program Highlights", are as follows:

Rate Increase for Providers

\$67.8 million (\$46.1 million General Fund) is included in the Governor's budget in 2006-07 to fund a 3 percent cost-of-living increase for the following programs for which the Department sets rates: community care facilities, community-based day programs, habilitation services programs, respite agencies, and vouchered respite. In addition, included in the budget is a 3 percent cost-of-living increase for specified contracted-services programs: supported living, transportation, and look-alike day programs. Trailer Bill language is also proposed to implement this proposal.

Regional Center Contract Provisions to Control Purchase of Services Expenditures

The Department will negotiate regional center contract language that will give the regional centers additional responsibilities and tools to control the expenditure growth of purchased services. Included in the 2006-07 proposed budget is an increase of \$7.6 million General Fund in Operations for the increased workload and

contract costs and a savings of \$14.3 million (\$10.6 million General Fund) in Purchase of Services to reflect the reduction in expenditure growth.

Delay in Certification of Intermediate Care Facilities

Due to the delay between intermediate care facility (ICF) licensure and certification, and to assure the provision of appropriate services and avoid the need to relocate consumers, an increase of \$4 million General Fund in 2005-06 and \$2 million General Fund in 2006-07 is needed to fund the extended time period until requested resources in the Department of Health Services are in place to reduce the licensure-to-certification gap.

Medi-Cal Dental Cap for Adults

Resulting from the limit of \$1800 per year on dental services provided to Medi-Cal eligible consumers age 21 years and older, effective January 1, 2006, the regional center system would be required to procure these services. The budget includes \$.1 million General Fund in 2005-06 and \$.2 million General Fund in 2006-07 to fund the increased costs.

California Developmental Disabilities Information System Update

The status of the CADDIS project is currently under review. The Administration will soon complete its analysis of the findings from the User Acceptance Testing phase of the project and present recommendations to the Legislature for the future of the project.

The following CADDIS-related assumptions have been updated in the 2006-07 November Estimate: 1) CADDIS costs for 2005-06 remain unchanged from the Budget Act of 2005, and the 2006-07 costs reflect the March 2005 Special Project Report proposal submitted by the Department to the Department of Finance; 2) the Self-Directed Services program is projected to begin on November 1, 2006 instead of January 1, 2006; 3) increased staff at the regional centers to manually input attendance data into CADDIS for those vendors who do not have the capability of submitting data electronically has been eliminated, and 4) increased federal Home and Community-based Services Waiver funds for contract transportation have been eliminated. The May Revision will reflect any necessary adjustments to these costs based on upcoming project decisions.

Population and Service Utilization Update

As a result of updated population, expenditure data, and service utilization based on projected consumer needs, the revised budget for 2005-06 includes a net savings of \$47.2 million to maintain base services after \$4.4 million was transferred to the Developmental Centers program to fund a General Fund deficiency. The proposed budget for 2006-07 includes a net increase of \$115.8 million.

Developmental Centers Program

The 2006-07 Governor's budget updates 2005-06 funding to \$713.3 million (\$387 million General Fund), an increase of \$4.8 million (\$7.9 million General Fund) and 18 positions from the Budget Act of 2005. For 2006-07, the budget also proposes a reduction of \$6.7 million (\$3.6 million General Fund), or .9 percent, and 156 positions from the updated 2005-06 budget. The total number of positions proposed for the Developmental Centers Program in 2006-07 is 7,738.1, a net reduction of 156 positions from 2005-06. Significant changes proposed for 2005-06 and 2006-07, in addition to those included in the "Cross-Program Highlights", are as follows:

Porterville Intensive Behavioral Treatment Residence

An increase of \$1.2 million General Fund and 14.0 positions is included in the budget for 2006-07 to staff an Intensive Behavioral Treatment Residence in the Secure Treatment Program (STP) at Porterville Developmental Center. The purpose of this residence is to provide secure separation for up to 30 consumers who have been identified as the most dangerous to the rest of the STP population

Developmental Center Population and Funding Adjustments

For 2005-06, a transfer of \$4.4 million General Fund from the RC budget and an increase of \$717,000 reimbursements and 18.0 positions is included in the Governor's budget resulting from the delay in transitioning 10 Agnews residents into the community and the update of Medi-Cal eligible expenditures in the DC system.

For 2006-07, a reduction of \$17.3 million (\$9.6 million General Fund) and 242 positions is also included in the budget to reflect a projected decline of 219 residents in the DC system from 3,016 residents in 2005-06 to 2,797 residents in 2006-07.

Employer Retirement Contributions and Employee Compensation

The DC budget has been increased for 2005-06 and 2006-07 by \$6.1 million (\$3.5 million General Fund) for employer retirement contributions and employee compensation costs.

Headquarters

The 2006-07 Governor's Budget decreases DDS' Headquarters budget by \$335,000 total funds (from \$37.6 million to \$37.3 million), a decrease of .9 percent over the revised current year budget, mainly due to the termination of one-time funds. The total number of positions proposed for Headquarters in 2006-07 is 395.5, an increase of 5.6 positions. Significant changes proposed for 2006-07, in addition to those included in "Cross-Program Highlights", are as follows:

Continued Habilitation Services Program Implementation and Monitoring

An increase of \$87,000 (\$70,000 General Fund) and one position is proposed in the budget to permanently establish a two-year limited term position to continue implementation and monitoring of habilitation services provided to consumers with developmental disabilities.

Employer Retirement Contributions and Employee Compensation

The Headquarters budget has been decreased by a net of \$172,000 (\$121,000 General Fund) for employer retirement contributions and employee compensation costs in 2005-06 and 2006-07.

**DEPARTMENT OF DEVELOPMENTAL SERVICES
2006-07 GOVERNOR'S BUDGET**

(Dollars in Thousands)

	2005-06 Estimated	2006-07 Proposed	Difference	Percent Change
Community Services Program				
Regional Centers	\$2,862,635	\$3,078,381	\$215,746	7.5%
Operations	460,587	485,913	25,326	5.5%
Purchase of Services	2,402,048	2,592,468	190,420	7.9%
Early Intervention Program	20,095	20,095	0	0.0%
Totals, Community Services	\$2,882,730	\$3,098,476	\$215,746	7.5%
General Fund	\$1,826,714	\$1,998,129	\$171,415	9.4%
General Fund Reappropriation	11,603	0	-11,603	-100.0%
PDF	1,732	1,732	0	0.0%
DDSA	69	3	-66	-95.7%
DDSA Reappropriation	163	37	-126	-77.3%
Federal Trust Fund	53,599	52,139	-1,460	-2.7%
Reimbursements	988,850	1,046,436	57,586	5.8%
Developmental Centers Program				
Personal Services	\$558,069	\$549,678	-\$8,391	-1.5%
Operating Expense & Equipment	155,226	156,933	1,707	1.1%
Total, Developmental Centers	\$713,295	\$706,611	-\$6,684	-0.9%
General Fund	\$386,992	\$383,407	-\$3,585	-0.9%
Federal Trust Fund	620	620	0	0.0%
Lottery Education Fund	489	489	0	0.0%
Reimbursements	325,194	322,095	-3,099	-1.0%
Headquarters Support				
Personal Services	\$28,909	\$29,947	\$1,038	3.6%
Operating Expense & Equipment	8,750	7,377	-1,373	-15.7%
Total, Headquarters Support	\$37,659	\$37,324	-\$335	-0.9%
General Fund	\$25,375	\$24,713	-\$662	-2.6%
Federal Trust Fund	2,158	2,184	26	1.2%
PDF	268	271	3	1.1%
Reimbursements	9,858	10,156	298	3.0%
Totals, All Programs	\$3,633,684	\$3,842,411	\$208,727	5.7%
Total Funding				
General Fund	\$2,239,081	\$2,406,249	\$167,168	7.5%
General Fund Reappropriation	11,603	0	-11,603	-100.0%
Federal Trust Fund	56,377	54,943	-1,434	-2.5%
Lottery Education Fund	489	489	0	0.0%
PDF	2,000	2,003	3	0.2%
DDSA	69	3	-66	-95.7%
DDSA Reappropriation	163	37	-126	-77.3%
Reimbursements	1,323,902	1,378,687	54,785	4.1%
Caseloads				
Developmental Centers	3,026	2,797	-229	-7.6%
Regional Centers	208,220	216,565	8,345	4.0%
Authorized Positions				
Developmental Centers	7,894.1	7,738.1	-156.0	-2.0%
Headquarters	389.9	395.5	5.6	1.4%